

**MINUTES
of the
FIFTH MEETING
of the
SCIENCE, TECHNOLOGY AND TELECOMMUNICATIONS COMMITTEE**

**November 28-29, 2011
Room 307, State Capitol**

D The fifth meeting of the Science, Technology and Telecommunications Committee (STTC) was called to order by Representative Roberto "Bobby" J. Gonzales, chair, on November 28, 2011 at 10:15 a.m. in Room 307 of the State Capitol.

Present

Rep. Roberto "Bobby" J. Gonzales, Chair
(11/28)
Sen. Stephen H. Fischmann, Vice Chair
Sen. Phil A. Griego
Rep. Jim W. Hall (11/29)
Rep. Conrad D. James
Sen. Linda M. Lopez
Rep. Debbie A. Rodella
Rep. Nick L. Salazar
Rep. James E. Smith (11/29)
Rep. Luciano "Lucky" Varela

Absent

Rep. Cathrynn N. Brown
Sen. William F. Burt
Sen. Dede Feldman
Sen. Steven P. Neville

Advisory Members

Rep. Ray Begaye
Sen. Carlos R. Cisneros
Rep. Ben Lujan (11/29)
Sen. Richard C. Martinez
Rep. Danice Picraux
Rep. Jane E. Powdrell-Culbert

Sen. Mark Boitano
Sen. William H. Payne
Sen. John M. Sapien
Rep. Don L. Tripp
Rep. Richard D. Vigil

(Attendance dates are noted for members not present for the entire meeting.)

Guest Legislator

Rep. Thomas A. Anderson

Staff

Gordon Meeks
Jeret Fleetwood
Ralph Vincent
Cassandra Jones

Minutes Approval

These minutes have not been approved by the STTC, as the committee has finished its work for the interim.

Guests

The guest list is in the meeting file.

Monday, November 28

Sandia National Laboratories (SNL) Update

Paul Hommert, president of SNL, told the committee that SNL focuses on mission areas that include nuclear weapons, international security and energy research. Large-scale facilities operated by SNL include the Pete V. Domenici National Security Center and the Center for Integrated Nanotechnologies. SNL has almost 10,000 employees in New Mexico, with a payroll over \$800 million, and 8,750 retired employees. In New Mexico, SNL has spent over \$300 million in contract-related payments, over \$290 million in small business payments and approximately \$100 million in procurement card purchases and other business payments during fiscal year 2011. The Sandia Science and Technology Park is an internationally recognized technology community that was founded in 1998 and consists of 20 facilities with over 2,000 employees.

The Environmental Management Center Opportunities Resource is a publicly traded company that moved to New Mexico in 2006. SNL and its partners have created technology to kill the explosive element in improvised explosive devices. SNL also established an entrepreneurial separation to transfer technology program that allows employees to leave the company to start up or expand technology businesses and guarantees them reinstatement for two years with the option to request a third year. SNL recruits professional staff from across the nation and employed 387 regular hires from New Mexico schools during fiscal year 2011. SNL has signed memoranda of understanding with the University of New Mexico (UNM), New Mexico State University (NMSU) and the New Mexico Institute of Mining and Technology. SNL sponsors several community outreach programs, including: family math and science nights, the New Mexico Hydrogen Fuels Challenge and the National Museum of Nuclear Science and History. The Manos program is designed to introduce math, science and engineering concepts to middle school students. SNL Hispanic technical staff members serve as volunteer instructors. Approximately 120 middle school students participate in the Manos program. Mr. Hommert told the committee that SNL contributes significantly to and is dependent upon the business environment in New Mexico and has established interdependent relationships with the universities in New Mexico.

Committee members discussed the following:

- the managing contractor (government-owned, contractor-operated organization);
- federal budget and funding sources;
- collaboration among SNL, Los Alamos National Laboratory and state universities;
- assistance to rural businesses;
- science and math education internship programs;
- flexibility of federal contracts for technology transfer;
- intellectual property ownership;
- relationships with business incubators;
- scientific publication status;
- work with schools to improve science and math education;
- potential consolidation of the weapons laboratories;

- influence of the New Mexico Legislature in Congress;
- equal opportunity outreach efforts;
- ratio between national defense-related contracts and "other";
- control of the National Nuclear Security Administration (NNSA) over SNL; and
- potential savings of elimination of the NNSA.

Metal Theft Legislation

Leo Baca, director of state legislative affairs for CenturyLink, told the committee that many agencies and industries, including state government and law enforcement, are affected by metal theft in New Mexico. CenturyLink has lost almost \$1 million due to metal theft. The Sale of Recycled Metals Act currently requires that information be provided by the seller for each purchase of metal by a recycler. Consequences for noncompliance are inadequate. Mr. Baca presented draft legislation that would include titanium in regulated materials, require the recycler to take a photograph of the seller and the material, require the recycler to maintain a record of purchase, enhance civil penalties and require that recyclers acquire a license.

Detective Mike Sindelar of the San Juan County Sheriff's Office told the committee that the most effective point of interception for stolen metal materials is at the point of sale. He recommended a database similar to those used by pawn shops to track metal sales in New Mexico. He also suggested the possibility of a user fee in order to fund efforts by the Regulation and Licensing Department to administer the database.

Minda McGonagle, state director for the National Federation of Independent Business, told the committee about www.scraptheftalert.com, a free tool for law enforcement that is open to the public. Ms. McGonagle told the committee that recyclers in New Mexico are willing to become licensed but are concerned about the possibility of a user fee.

Members of the audience expressed concerns about and support for the draft legislation. Several members of the audience also expressed a need for stricter regulations concerning metal theft and the sale of metal to recyclers. In response to questions from members of the committee, Mr. Baca clarified that the draft legislation is still being revised and is not ready for a committee endorsement.

Committee members discussed the following:

- the authority of the superintendent of regulation and licensing;
- the market for recycled metals;
- a lack of criminal penalties in existing law;
- criminal penalties as a crime deterrent;
- the impact of metal thefts on small businesses in rural areas;
- comparing New Mexico to other states in metal theft crime rates;
- the potential for interruptions of utility service and communications;
- federal authority to prosecute crimes of metal theft (over \$100,000 in value);
- trends in the price of copper, aluminum, bronze, steel and titanium;
- involvement of organized crime;
- the history of fines being collected by the Regulation and Licensing Department;
- disposition of the registration fees;
- information required of recyclers with and without new legislation;

- definition of "regulated material";
- the effect on the environment of penalizing people who pick up junk;
- the threshold separating jewelry theft crime from metal theft;
- pawnbroker statutes; and
- concerns of the Courts, Corrections and Justice Committee about the bill.

Natural Gas as a Liquid Fuel

Kevin Washburn, dean of the UNM School of Law, told the committee that UNM and NMSU had conducted a study to comply with requests made in House Memorial 41 (2011). Jeffrey Kendall, dean's research fellow and a third-year law student at UNM, told the committee that it is unlikely that the use of compressed natural gas (CNG) vehicles would create any issues that are different than those created by oil and gasoline. While there are only limited case studies regarding CNG vehicles, legal issues can be studied by comparing CNG vehicles to propane or gasoline.

Dr. Kevin Boberg, director of the Arrowhead Center and associate dean of the College of Business at NMSU, told the committee that the Honda Civic is currently the only car on the market with a CNG option. A refueling station can be installed in someone's home to refuel a civic overnight. In response to questions from members of the committee, Dr. Boberg told the committee that a gallon equivalent of CNG costs approximately \$1.25 and will allow a car to travel approximately 85% as far as a gallon of gasoline. In other states, gas utilities have handled the distribution of CNG to local gas stations. It is unlikely that installing a pipeline to transport CNG will have negative impacts on grazing land in the long term.

Committee members discussed the following:

- a comparison of natural gas and diesel fuel;
- the viability of centralized fueling stations for municipal fleets;
- differences between CNG and liquified natural gas;
- the role of the legislature in providing incentives for the industry;
- a comparison of CNG and propane;
- guidelines for installation of residential pumps;
- regulation of pipelines;
- National Fire Prevention Association standards;
- biomass production opportunities;
- hydrogen fuel applicability;
- diesel as a byproduct of gasoline production;
- dependence on foreign oil;
- lack of pipeline infrastructure;
- mileage comparison between gasoline and CNG;
- effect on utility rates to customers;
- emissions;
- taxes on CNG;
- right-of-way access costs and effects on grazing land;
- state grants for alternative fuel infrastructure;
- opposition of the Public Education Department; and
- reduced maintenance needed by CNG vehicles.

Renewable Derived Hydrogen Solutions

Eric Martinez, Jetstream Wind, Inc., expressed his support for the reintroduction of Senate Bill 210, introduced in the 2011 regular session and pocket-vetoed by the governor. Mr. Martinez told the committee that the bill would jump-start a new industry for New Mexico and provide employment, economic development and an influx of capital. Over 20,000 tons of hydrogen are manufactured each day in the United States. Hydrogen production tax incentives would encourage the production of hydrogen in New Mexico, which would provide employment and revenue for the state.

The committee endorsed, without opposition, the proposed legislation with a change that added language to provide for certification by the Taxation and Revenue Department (TRD), based on information from the Energy, Minerals and Natural Resources Department (EMNRD), that the hydrogen is generated by pyrolysis.

University Affiliated Public Broadcasting

Franz Joachim, director of content, KNME at UNM, and Glen T. Cerny, executive director, University Broadcasting, NMSU, told the committee that TV and radio stations KENW, KNME and KRWG have reached out to their local communities in a variety of ways. The stations share programming in some cases in order to better serve their audiences. The stations and their accompanying online resources provide news and information at any time of day. The stations have worked with digital technology to come up with solutions for schools that do not have access to adequate bandwidth resources. The master control, a vital control for the TV stations, will need to be replaced in the next three to five years.

Members of the committee discussed funding for a new master control as well as the current budgets for the various stations. Committee members requested that each station provide the committee with information regarding its annual budget.

The committee made compliments to the public media after asking about the impact of budget cuts and the revenue breakdown for the universities.

Following the presentation by UNM and NMSU, Representative Gonzales recessed the meeting at 4:15 p.m.

Tuesday, November 29

Department of Information Technology (DoIT) Status Report

Darryl Ackley, secretary, DoIT, and Mike Baca, acting director of policy and planning, DoIT, presented the committee with a status report on the DoIT. The DoIT is the consolidated IT agency that is almost entirely revenue funded. The DoIT offers services such as the Statewide Human Resources, Accounting and Financial Management Reporting System (SHARE), mainframe stabilization, performance monitoring, security and billing. The DoIT is overseeing more than 50 projects with a total value of approximately \$250 million. The DoIT also manages the Sunshine Portal.

Committee members discussed the following:

- the life expectancy of the state's mainframe computer;

- the dominant agencies for the volume of minutes used on the mainframe system;
- the status of consolidation of data centers;
- the number of hacking attempts;
- independent outside review of state security systems;
- revenue from mainframe operations and its effect on the DoIT's budget;
- five-digit dialing for state agencies and consolidation of telephone services;
- completion dates for tower upgrades;
- excess bandwidth usage;
- warranties or performance guarantees for SHARE;
- alternative revenue sources to pay for SHARE improvements;
- IT professional opportunities;
- overuse of acronyms;
- previous huge loss of data;
- efficacy of IT security systems;
- meaning of the term "stovepipe";
- physical access and security of the mainframe; and
- the IT work force.

New Mexico Integrated Strategic Broadband Initiative Report

Secretary Ackley and George Clarke, DoIT, told the committee about the New Mexico Integrated Strategic Broadband Initiative Report, a program that strives to provide broadband access to the entire state. The program process involves defining service areas and technologies, identifying issues and implementing steps to increase adoption. The program is funded in part by stimulus funds from the federal American Recovery and Reinvestment Act of 2009 (ARRA). The total federal award is \$4.8 million with a state match requirement of \$1.2 million. The broadband program identifies barriers to broadband adoption, educates and markets broadband awareness and enhances broadband expansion. The Broadband Executive Committee includes directors of industry, regulation, health, Native American nations, tribes and pueblos, nonprofits, education and the New Mexico Geospatial Data Clearinghouse. Technical assistance is offered through an education inventory, seminars, a Native American lands pilot and specific community resource support.

Richard Lowenberg from the 1st-Mile Institute presented the New Mexico Broadband Report, a snapshot update of broadband initiatives, economics and developments in the state. Mr. Lowenberg stated that ARRA funds are now supporting a number of broadband infrastructure projects in New Mexico, including Baca Valley Telephone, Windstream Communications, U.S. Cable and others. In 2010, the DoIT was awarded \$1.4 million from the National Telecommunications and Information Administration (NTIA) States Broadband Data and Development Program funding for a two-year project to gather and analyze data and to map broadband in the state, with an additional \$500,000 for five years of statewide broadband planning. Mr. Lowenberg emphasized that broadband networks in New Mexico should be built in coordination with smart-grid energy infrastructures, intelligent transportation, public works and water infrastructure improvements rather than funding separate and redundant construction projects. Integrated planning and construction will save the state millions of dollars every year.

Mr. Lowenberg also made recommendations to the committee. These recommendations included the state's support of the NTIA-funded State Broadband Initiative, steps to leverage

current investment initiatives, facilitated working meetings with agreed strategic objectives between public and private sector representatives, DoIT assistance to tribes and municipalities and a focus on ways to address the most in-need broadband access in New Mexico.

The committee discussed the benefits and importance of internet access, comparing the internet to the interstate highway system that was first developed under the Eisenhower administration.

ONGARD, TRD GenTax System and Motor Vehicle Division Reengineering Project Status Update

Greg Saunders, chief information officer, TRD, told the committee that ONGARD supports the State Land Office (SLO) for royalties and maintenance of related trust land leasing, the TRD for taxation, the Oil Conservation Division of the EMNRD for permitting and the administration of the Oil and Gas Reclamation Fund as well as oil and gas industry customers. The ONGARD system enables distribution of the revenues to various beneficiaries. Mr. Saunders discussed challenges to the ONGARD system, including budget restraints, difficulty collecting adequate data, mainframe changes and staffing. If ONGARD is not recommended for funding during the 2012 regular session, the ONGARD system is at risk of failure, which could significantly affect the TRD and SLO.

The TRD presented a proposal for a GenTax Version 8 upgrade. The GenTax system was implemented in 2002 and has grown from processing two tax programs to processing 28. The system manages a tax revenue stream of \$6.5 billion annually and provides the accounting basis for TRD financial revenue processing. The system is also used to enforce tax code compliance and to combat tax fraud. Version 8 of GenTax offers additional reduction of fraudulent refunds due to better fraud detection, more efficient processing and increased audit, collections and return validations. Version 8 has been very successful in other states. Annual maintenance and support of Version 8 includes full upgrades when new versions are released.

The current Motor Vehicle Division (MVD) system faces several challenges, including higher costs and old technology that is becoming obsolete. The Commercial Driver's License Information System has been developed in-house and will meet federal mandates for the first quarter of 2012. A request for information was published in July 2011, and the TRD is deciding whether to proceed with a request for proposals. The MVD is proposing a new system built on service-oriented architecture that utilizes industry standard best practices in order to emphasize quality assurance and quality control throughout the life cycle of the project.

Committee members discussed the following:

- MVD programs on Indian reservations;
- the integration of the three systems;
- the cancellation of the contract with Hewlett-Packard;
- the inherent slowness of motor vehicle databases and IT systems throughout the states;
- the status of appropriations;
- GenTax problems;
- ONGARD's reliance on COBOL language operating systems and getting ONGARD off the mainframe;
- the lack of a plan for ONGARD;

- the recruitment system at the State Personnel Office;
- the age of the ONGARD system and cost to maintain it;
- the role of the New Mexico Finance Authority in potential financing of IT systems for the state;
- high turnover and turmoil in IT systems staffing at the TRD; and
- constant change of IT systems.

Workforce Solutions Department's Unemployment Insurance Modernization Information Technology

The Workforce Solutions Department (WSD) signed a contract with Deloitte Consulting LLC and began the process of implementing a new unemployment insurance (UI) tax system. The United States Department of Labor (DOL) granted the WSD two budget requests to design, implement and carry out the identification, collection and management of overpayments and to participate in specific and well-defined DOL Program Integrity Initiatives. Objectives of the uFACTS system include improving service to employers and claimants, streamlining business processes and allowing for quicker modifications due to business needs or regulatory changes. In 2011, the WSD took inventory of all IT hardware, software, systems, applications, processes and procedures. The decision to invest in the uFACTS application gave the agency the opportunity to rebuild approximately 80% of its IT structure. The uFACTS application has been responsible for more than 300 reports, 300,000 pieces of outgoing correspondence every month and over 200 batch reports. The WSD employs network security, application security, database security and operational changes to protect the information of its customers and to comply with security requirements. The WSD shifted focus from unemployment to reemployment by implementing the reemployment exchange. The department is also utilizing an integrated voice response system, SHARE and other applications to ensure efficiency and effectiveness. The WSD database has been redesigned to allow for ease of maintenance. The WSD collaborates with sister agencies at the state and federal levels and is working to form a multistate consortium. The uFACTS system will be incrementally released beginning in February 2012.

Committee members discussed the following:

- the tenure of Aaron Hinds;
- the source of funding for UI claims;
- the budget for the system;
- the number of employees in the IT division at the WSD;
- staff requirements for maintaining and operating the system;
- the schedule for integration of the system;
- adaptability to changes in federal guidelines;
- security protocols; and
- simplification.

Adjournment

There being no further business before the committee, the fifth meeting of the STTC for the 2011 interim adjourned at 1:30 p.m.